

**CHAPTER NO. 220**

**SENATE BILL NO. 389**

**By Trail, McNally**

**Substituted for: House Bill No. 262**

**By Shepard**

AN ACT to amend Tennessee Code Annotated, Title 56; Title 63 and Title 71, relative to pharmacy benefit managers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 7, Part 1, is amended by adding the following language as a new appropriately designated section:

Section 56-7-126. (a) A pharmacy benefits manager shall notify a pharmacist who furnishes goods or services under any policy or contract for health insurance coverage provided under the TennCare program of the failure of any health insurer to provide timely payments for nondisputed claims pursuant to contract within fourteen (14) days of the failure of the health insurer to fund a scheduled payment.

(b) Failure by a pharmacy benefits manager to provide notice as described herein shall be cause for the commissioner of the Tennessee Department of Commerce and Insurance to impose the appropriate penalties allowed in Title 56 of the Tennessee Code Annotated.


(c) For the purposes of this section, "Pharmacy benefits manager" means a person, business or other entity and any wholly or partially owned subsidiary of such entity, that administers the prescription drug or device portion of plans providing health insurance coverage on behalf of a third party including plan sponsors, insurance companies, unions, and health maintenance organizations.

SECTION 2. This act shall take effect July 1, 2003, the public welfare requiring it and shall apply to claims for goods and services arising on and after that date.

PASSED: May 12, 2003



JOHN S. WILDER  
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 2<sup>nd</sup> day of June 2003



PHIL BREDEBEN, GOVERNOR